

# KNM GROUP BERHAD

(Company No:521348-H)  
( Incorporated in Malaysia )

## INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2011 (Unaudited)

### 1. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Year to date	
	Unaudited 3 months ended 30.6.2011 RM'000	Unaudited 3 months ended 30.6.2010 RM'000	Unaudited 30.6.2011 RM'000	Unaudited 30.6.2010 RM'000
<b>Contract revenue</b>	544,300	383,210	957,300	756,511
<b>Operating profit</b>	14,794	21,590	31,611	32,913
Financing costs	(14,402)	(14,041)	(25,912)	(26,560)
Interest income	1,123	780	1,883	2,227
Share of profit/(loss) of jointly controlled entities	293	(8)	493	(10)
<b>Profit before tax</b>	1,808	8,321	8,075	8,570
Tax expense	8,140	5,680	20,890	45,474
<b>Net profit for the period</b>	9,948	14,001	28,965	54,044
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences	39,114	(105,112)	88,278	(201,374)
Net investment in subsidiaries	13,013	(69,096)	28,376	(210,815)
Surplus on revaluation of property, plant and equipment	-	(1,044)	-	-
Cash Flow hedge	865	-	3,288	(1,062)
<b>Other comprehensive income for the period, net of tax</b>	52,992	(175,252)	119,942	(413,251)
<b>Total comprehensive income for the period</b>	62,940	(161,251)	148,907	(359,207)
Attributable to:				
Equity holders of the parent	10,855	14,144	29,872	54,478
Minority interest	(907)	(143)	(907)	(434)
	9,948	14,001	28,965	54,044
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	63,688	(160,916)	149,446	(358,342)
Minority interest	(748)	(335)	(539)	(865)
Total comprehensive income for the period	62,940	(161,251)	148,907	(359,207)
Earnings per share:				
- Basic (sen)	1.11	1.43	3.05	5.50

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

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## 2. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	Unaudited As at 30.6.2011 RM'000	Audited As at 31.12.2010 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible Assets		648,122	620,858
Goodwill		854,565	798,974
Property, plant and equipment		770,079	748,722
Other investment, including derivative		4,366	3,620
Interest in associates		1,069	455
Interest in jointly-controlled entities		216	316
Deferred Tax Asset		207,207	195,946
		<u>2,485,624</u>	<u>2,368,891</u>
<b>Current assets</b>			
Inventories		70,315	69,063
Contracts work in progress		497,497	426,541
Trade and other receivables		440,764	363,420
Cash and cash equivalents		469,975	296,237
		<u>1,478,551</u>	<u>1,155,261</u>
<b>TOTAL ASSETS</b>		<u>3,964,175</u>	<u>3,524,152</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,001,093	1,001,093
Treasury Shares		(53,014)	(44,588)
Reserves		882,039	761,936
		<u>1,830,118</u>	<u>1,718,441</u>
<b>Minority interest</b>		<u>11,789</u>	<u>12,328</u>
<b>Total Equity</b>		<u>1,841,907</u>	<u>1,730,769</u>
<b>Non-current liabilities</b>			
Long term payable		24,746	25,552
Long service leave liability		1,384	1,911
Loans and borrowings	B9	465,777	380,493
Deferred taxation		270,335	265,928
		<u>762,242</u>	<u>673,884</u>
<b>Current liabilities</b>			
Payables and accruals		487,600	389,574
Customers advance for contract work in progress		304,172	57,346
Loans and borrowings	B9	560,984	664,641
Current tax liabilities		7,270	7,938
		<u>1,360,026</u>	<u>1,119,499</u>
<b>Total liabilities</b>		<u>2,122,268</u>	<u>1,793,383</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,964,175</u>	<u>3,524,152</u>
Net assets per share attributable to equity holders of the parent (RM)		<u>1.83</u>	<u>1.72</u>

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

**KNM GROUP BERHAD**

(Company No:521348-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD  
ENDED 30 JUNE 2011**

			Attributable to equity holders of the parent				Distributable Reserve		Minority Interest RM'000	Total equity RM'000
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Hedging Reserve RM'000	AFS Reserve RM'000	Revaluation and Other Reserve RM'000	(Accumulated Loss) / Retained Profit RM'000	Total RM'000		
<b>As at 1 January 2010</b>	1,001,093	(34,132)	319,426	-	-	(95,732)	818,031	2,008,686	3,046	2,011,732
Effect arising from adoption of FRS 139	-	-	-	(6,274)	30	-	(5,404)	(11,648)	-	(11,648)
<b>As at 1 January 2010, restated</b>	1,001,093	(34,132)	319,426	(6,274)	30	(95,732)	812,627	1,997,038	3,046	2,000,084
Total comprehensive income for the period	-	-	-	(1,062)	-	(411,758)	54,478	(358,342)	(865)	(359,207)
<b>Transaction with owners in their capacity as owner</b>										
Increase in share capital in subsidiaries	-	-	-	-	-	-	-	-	581	581
Issue of shares pursuant to: - ESOS	-	-	-	-	-	-	-	-	-	-
Share Buy Back	-	(9,225)	-	-	-	-	-	(9,225)	-	(9,225)
Transfer to share premium for share options exercised	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
<b>As at 30 JUNE 2010 (Unaudited)</b>	1,001,093	(43,357)	319,426	(7,336)	30	(507,490)	867,105	1,629,471	2,762	1,632,233
<b>As at 1 January 2011</b>	1,001,093	(44,588)	319,426	(1,513)	30	(486,835)	930,828	1,718,441	12,328	1,730,769
Total comprehensive income for the period	-	-	-	3,288	-	116,286	29,872	149,446	(539)	148,907
<b>Transaction with owners in their capacity as owner</b>										
Acquisition of equity interest in subsidiary	-	-	-	-	-	-	-	-	-	-
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	-	-	-
Share Buy Back	-	(8,426)	-	-	-	-	-	(8,426)	-	(8,426)
Dividend	-	-	-	-	-	-	(29,343)	(29,343)	-	(29,343)
<b>As at 30 JUNE 2011 (Unaudited)</b>	1,001,093	(53,014)	319,426	1,775	30	(370,549)	931,357	1,830,118	11,789	1,841,907

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

	30.6.2011	30.6.2010
	RM	RM
	'000	'000
	Unaudited	Unaudited
Net cash generated from operating activities	287,222	(18,705)
Net cash used in investing activities	(33,073)	(40,551)
Net cash used in financing activities	(70,706)	(202,834)
Net increase/ (decrease) in cash and cash equivalents	183,443	(262,090)
Cash and cash equivalents at beginning of year	286,532	553,783
Cash and cash equivalents at end of period	<u>469,975</u>	<u>291,693</u>
Cash & bank balances	290,100	171,262
Deposits with financial institutions	189	85,450
Deposits with licensed banks	179,686	48,736
	<u>469,975</u>	<u>305,448</u>
Bank overdraft	-	(13,755)
	<u>469,975</u>	<u>291,693</u>

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

**Notes to the quarterly Interim Financial Report – 30 June 2011**

**PART A: EXPLANATORY NOTES AS PER FRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

**A2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2011.

On 1 January 2011, the Group adopted the following FRSs:-

FRSs, Amendments to FRSs and Interpretations	
FRS 3	Business Combination (Revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendment to FRS 132	Financial Instruments: Presentation-Classification of Rights Issues
Amendments to FRS 7	Financial Instruments : Disclosure-Improving Disclosures about Financial Instruments
Amendment to FRS 138	Intangible Assets
Improvements to FRSs (2010)	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

FRS 1 (revised), Amendment to FRS 1 First time Adoption of Financial Reporting standard, Amendment to FRS 2 Share-based Payment, Amendment to FRS 5 Non-current asset held for sale and discontinued operations and IC Interpretation 12 Service Concession Agreement will also be effective for annual period beginning on or after 1 July 2010 and 1 January 2011. These standards and IC Interpretations, are, however, not applicable to the Group.

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group, other than the disclosures under the Amendments to FRS 7 which will affect the 2011 annual financial statements.

**FRS, IC Interpretations and Amendments to IC Interpretation issued but not yet effective**

At the date of authorization of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRS,IC Interpretation and Amendments to IC Interpretation		Effective for annual periods beginning on or after
FRS124	Related Party Disclosure (revised)	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

Amendment to IC Interpretation 14, Prepayments of a Minimum Funding Requirement and IC Interpretation 15, Agreements for the Construction of Real Estate will also be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012. These IC Interpretations, are, however, not applicable to the Group.

**A3. Qualification of annual financial statements**

There were no audit qualification on the annual financial statements of the Group for the year ended 31 December 2010.

**A4. Seasonal and cyclical factors**

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

**A5. Unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period to date.

**A6. Material changes in estimates**

There were no material changes in estimates of amount reported in the current quarter.

**A7. Issuances and repayment of debt and equity securities**

A. There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period to date other than those stated below:

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	RM'000
Opening Balance of ICP/IMTN outstanding as at 1 January 2011	265,000
ICP/IMTN Drawdown/(Repayment)	<u>(50,000)</u>
Balance of ICP/IMTN outstanding as at 30 June 2011	<u>215,000</u>

As at 30 June 2011, the amount outstanding for Islamic Commercial Papers (“ICP”)/Islamic Medium Term Notes (“IMTN”) is RM215.0 million out of the limit of RM265.0 million, mainly used for repayment of bank borrowings and working capital. Under the program, up to RM150 million is fully underwritten by Malayan Banking Berhad & AMInvestment Bank Berhad and has a tenure of 7-years from the date of issuance

- B. As at the date of this report, the Company has repurchased a total 22,991,275 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM2.31 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

**A8. Dividend Paid**

No dividend was paid during the quarter under review.

**A9. Segment information**

Segmental analysis of the revenue and result:-

Geographical segments:	<b>Revenue 6 months ended 30.6.2011 RM'000</b>	<b>Gross Profit 6 months ended 30.6.2011 RM'000</b>	<b>EBITDA 6 months ended 30.6.2011 RM'000</b>
Asia & Oceania	396,975	47,182	27,584
Europe	520,709	96,732	58,267
Americas	39,616	3,960	(8,000)
Total	<u>957,300</u>	<u>147,874</u>	<u>77,851</u>

**A10. Valuation of property, plant and equipment**

Property, plant and equipment of the Group are stated at cost/valuation less accumulated depreciation and accumulated impairment losses where applicable.

There is no revaluation of property, plant and equipment during the period under review.

**A11. Material events subsequent to the end of the interim period**

There was no material event subsequent to the end of the reporting period and up to the date of issuance of this report.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date except as follows:-

- (1) On 7 February 2011, KNM Europa BV, an effective wholly-owned subsidiary of the Company had incorporated and subscribed for 10,000 ordinary shares of GBP1.00 each in KNM Project Services Limited (“KPSL”), representing 100% equity interest in KPSL for a total cash consideration of GBP10,000 (approximately RM49,100 based on the exchange rate of GBP1 : RM4.91).
- (2) On 11 April 2011, KNM Process Systems Sdn Bhd (“KNMPS”) had invested and subscribed for 800 ordinary shares of RM1.00 each in KNM Ogpert (Sabah) Sdn Bhd (“KNMOS”), representing 80% equity interest in KNMOS for a total cash consideration of RM800.
- (3) On 11 April 2011, Borsig Industrial Services Sdn Bhd (“BIS”) had invested and subscribed for 40,000 ordinary shares of RM1.00 each in Dimensi Bumijaya Sdn Bhd (“DBSB”), representing 40% equity interest in DBSB for a total cash consideration of RM40,000.
- (4) Further to the Company’s (“KNM”) announcement on 14 December 2010, KNM had on 28 June 2011 entered into a Shareholders’ Agreement (“SHA”) which supersedes the Joint Venture Agreement (“JVA”) with Petrosab Logistik Sdn Bhd (“PETROSAB”) dated 13 December 2010; whereby:-
  - (a) The shareholding structure in the joint venture company, KNM Petrosab Sdn Bhd (“KNMP”), originally on 51% (KNM) : 49% (PETROSAB) basis pursuant to the JVA has now been revised to 40% (KNM) : 60% (PETROSAB) pursuant to the SHA. KNM will subscribe for an additional 39,999 ordinary shares of RM1.00 each in KNMP for a total cash consideration of RM39,999 (“**Investment No. 1**”). This additional 39,999 ordinary shares together with the previous 1 ordinary share held represents 40% of enlarged issued and paid up share capital of KNMP; and
  - (b) KNM OGPET (Sabah) Sdn Bhd (“KNMOS”) will subscribe for 1,500,000 ordinary shares of RM1.00 each in KNM Petrosab Engineering Sdn Bhd (“KNMPE”) (representing 30% of the enlarged issued and paid up share capital of KNMPE) for RM1,500,000; whereas, KNMP will subscribe for 3,499,998 ordinary shares of RM1.00 each in KNMPE for RM3,499,998 which, together with the previous 2 ordinary shares held represents 70% of the enlarged issued and paid up share capital of KNMPE (jointly referred as “**Investment No. 2**”).



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**A13. Changes in contingent liabilities**

There were no material changes in contingent liabilities for the Group as at the date of this announcement except for the Company has executed two fresh corporate guarantees in favor of HSBC valued RM700 million for multi-trade facilities & GBP 100 million for revolving credit, both for the Energy Park Peterborough Project.

**A14. Capital commitments**

	Approved and contracted for RM'000	Approved but not contracted for RM'000
Property, plant and equipment	16,936	76,493
Investment	3,699	11,128
	<u>20,635</u>	<u>87,621</u>

**A15. Related party transactions**

Significant related party transactions for the financial period to date are as follows:

	RM '000
Inter Merger Sdn Bhd (a)	
- Office rental, related charges and administrative expense	869
I.M.Bina Sdn Bhd (b)	
-General construction and civil works	4,405
IMT O&G Solutions Sdn Bhd (c)	
-Supply of production materials and fixed assets	-
Tofield Realty Development Corporation (d)	
- General and civil contractor and provider of staff accommodation	206
Nassir Hazza (e)	
- General construction, civil and related mechanical and engineering work	1,317
KPS Technology & Engineering LLC(f)	
-Provision/Receipt of mechanical and engineering, general administrative and other support services	919
-Provision/Receipt of qualifying services under the overseas head quarters (OHQ) status and other support services	

(a) a company in which Mr. Lee Swee Eng and Madam Gan Siew Liat are directors

(b) a company in which Inter Merger Sdn Bhd is the holding company

(c) a company in which Inter Merger Sdn Bhd is the holding company

(d) a wholly-owned subsidiary of Asiavertek, of which Mr. Lee Swee Eng and Madam Gan Siew Liat are directors and shareholders

(e) Nassir Hazza is an entity controlled by Mohammed Nassir Hazza Al Fehaid Al Subaei, a director of KNM Saudi Limited Co

(f) a company in which Mr. Lee Swee Eng is a substantial shareholder

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of performance**

The Group achieved revenue of RM957.30 million, profit after tax and minority interest of RM29.87 million and EBITDA (Earning Before Interest, Tax, Depreciation and Amortisation) of RM77.85 million for the period ended 30 June 2011. Compared to the previous year, the higher revenue in this year was due to higher revenue recognition, whereas profit after tax and minority interest and EBITDA in this period were lower due to slower improvement in capacity utilization in certain operating units.

**B2. Variation of results against preceding quarter**

The Group's revenue of RM544.30 million and net profit before taxation and minority interest of RM1.81 million for the second quarter ended 30 June 2011 were higher by RM131.30 million and lower by RM4.46 million compared to first quarter's revenue of RM413.00 million and net profit before taxation and minority interest of RM6.27 million respectively. The higher revenue for this quarter is mainly due to higher revenue recognition, whereas lower profit for this quarter is due to slower improvement in capacity utilization in certain operating units.

**B3. Current year prospects**

The Board expects increase improvement in certain operating units and as such Group's profitability for the year 2011 will improve, barring any unforeseen circumstances.

**B4. Profit forecast**

Not applicable as no profit forecast was given.

**B5. Tax expense**

	<b>3 months Ended 30.6.2011 RM'000</b>	<b>3 months Ended 30.6.2010 RM'000</b>	<b>6 months ended 30.6.2011 RM'000</b>	<b>6 months ended 30.6.2010 RM'000</b>
Income Tax expense :-				
Current	3,559	1,351	8,572	8,057
Prior period	(528)	5,279	(530)	5,749
Deferred tax	(11,171)	(12,310)	(28,932)	(59,280)
	<u>(8,140)</u>	<u>(5,680)</u>	<u>(20,890)</u>	<u>(45,474)</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to the availability of certain tax incentives.

**B6. Unquoted investments and properties**

The Group has not made or disposed any investments in any unquoted investments and properties for the current quarter and financial period to date.

**B7. Quoted and marketable investments**

There were no investments or disposals in quoted and marketable securities during the current quarter and financial period to date.

**B8. Status of corporate proposals announced but not completed**

- (1) On 22 October 2010, the Company announced that Securities Commission (“SC”) vide their letter dated 21 October 2010 has approved the Company’s proposed issue of Sukuk Programmes of up to RM1,500 million comprising of Islamic Commercial Paper Programme of up to RM400 million (“ICP Programme”) and Islamic Medium Term Note Programme of up to RM1,100 million (“IMTN Programmes”).

The ICP Programme shall have a tenure of up to 7 (seven) years and the IMTN Programme shall have a tenure of up to 15 (fifteen) years from the date of the first issuance under the Sukuk Programmes. No commercial papers or medium term notes have been issued as at to-date.

- (2) On 25 July 2011, KNM and Zecon Berhad (“Zecon”) had entered into the following Heads of Agreements (“HOAs”) with Gulf Asian Petroleum Sdn Bhd (“GAP”) towards inter alia the following:-

- a. to undertake the Engineering, Procurement, Construction and Commissioning (“EPC”) Contract for the 150,000/200,000 bpd Petroleum Refinery and 400,000/525,000 mtpa Polypropylene Unit for GAP (“the Refinery/Polypropylene Project”) with a total Project Value of USD5.0 billion (equivalent to about RM15.0 billion based on the exchange rate of USD1.00 : RM3.00); and
- b. to undertake the Engineering, Procurement, Construction and Commissioning (“EPC”) Contract for the Petroleum Product Storage Terminal Facility comprising 4 Terminals with a total storage capacity of 2.328 million cubic meters, complete with supporting infrastructure and auxiliaries including the jetty (“the Storage Project”) with a total Contract Value of RM2.0 billion.

Both the Refinery/ Polypropylene Project and Storage Project are located at Teluk Ramunia, Johor.

As at to-date, the Parties have not executed any EPC Contract, the final definitive Consortium Agreement nor the Shareholders Agreement.

**B9. Group borrowings and debt securities**

The Group's borrowings as at the end of the reporting period were as follows:

	<b>RM'000</b>
<b>Short term:</b>	
Borrowings (secured)	57,181
Borrowings (unsecured)	68,812
ICP/IMTN	115,000
Bank Overdraft	-
Bill Payable	84,644
Hire Purchase	5,704
Revolving credit	229,643
	<u>560,984</u>
<b>Long term :</b>	
Borrowings (secured)	321,057
Borrowings (unsecured)	27,206
IMTN	100,000
Hire Purchase	17,514
	<u>465,777</u>
	<u>1,026,761</u>

The above are also inclusive of other borrowings in foreign currency of RMB16.00 million, EURO36.35 million , CAD12.35 million, USD1.66 million and BRL9.05 million.

The exchange rates used are 1 RMB = RM 0.4709, 1 EURO = RM 4.3796, 1 CAD = RM 3.1166, 1 USD = RM 3.0433 and 1 BRL = RM 1.9415

**B10. Financial Instruments**

With the adoption of FRS 139, financial instruments are recognized on their respective contract dates. The related accounting policies are disclosed in Note A2 (d).

There are no off-balance sheet financial instruments.

The outstanding forward foreign currency exchange contracts as at 30 June 2011 are as follows:-

<b>Type of Derivative</b>	<b>Contract/Notional value RM'000</b>	<b>(Gain) /Loss on Fair value changes RM'000</b>
Foreign Exchange Contracts		
-Less than 1 year	426,657	(872)
-1 year to 3 years	150,391	(487)
- More than 3 years	-	-
	<u>577,048</u>	<u>(1,359)</u>

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Exposure to foreign currency fluctuation of underlying commitments is monitored on on-going and timely basis. The Company's objective to engage in derivative instrument contract remains to protect the transactions' underlying value.

Forward foreign exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of its export sales and import purchases by establishing the rate at which a foreign currency asset or liability will be settled.

These contracts are executed with credit-worthy/ reputable financial institutions and as such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts is minimal.

The fair values of the forward foreign currency exchange contracts are subject to market risk and the fair value was derived based on readily available quoted market pricing as of reporting period. The fair value of the forward contracts may change in accordance to the fluctuation of the exchange rate of the underlying currency resulting in gain or loss in fair value.

The cash requirement for these derivatives will be fulfilled by future contract proceeds on the respective maturity date.

**B11. Realised and Unrealised Profit/Losses Disclosure**

	<b>As at 30 June 2011</b>	<b>As at 31 December 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profit/(accumulated losses) of KNM Group and its subsidiaries		
- Realised	545,055	577,871
- Unrealised	(35,328)	(89,639)
Total share of retained profit / (accumulated losses) from associated companies:		
- Realised	815	245
- Unrealised	10	-
Total share of retained profit/(accumulated losses) from jointly controlled entities:		
- Realised	(557)	(579)
- Unrealised	8	66
Less: Consolidation adjustments	421,354	442,864
Total Group retained profits/(accumulated losses) as per consolidated accounts	931,357	930,828

**B12. Material litigation**

As at the date of this announcement, there were no material litigation since the last annual balance sheet date.

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**B13. Dividend payable**

There was no dividend declared or recommended during quarter under review.

**B14. Earnings per share**

	Individual Quarter		Cumulative Quarter	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
<b>Basic earnings per share</b>				
Net Profit attributable to shareholders (RM'000)	10,855	14,144	29,872	54,478
Number of shares at the beginning of the period ('000)	1,001,093	4,004,370	1,001,093	4,004,370
Effect of share consolidation	-	(2,950,228)	-	(2,950,228)
Effect of ESOS ('000)	-	-	-	-
Effect of Share Buy Back	(21,849)	(63,347)	(21,849)	(63,347)
Weighted average number of shares ('000)	979,244	990,795	979,244	990,795
Basic earnings per share (sen)	1.11	1.43	3.05	5.50

**B15. Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors on 22 August 2011.